

*The State Treasurer's Office Presents*

# APRIS OF CREDIT CARD FINANCE

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# THE ABC'S OF CREDIT CARD FINANCING

*Essential Facts for Students*  
*Presented by Idaho State Treasurer*

**RON CRANE**

**2006**



# ESSENTIAL FACTS.... TWO GROUPS OF INFORMATION

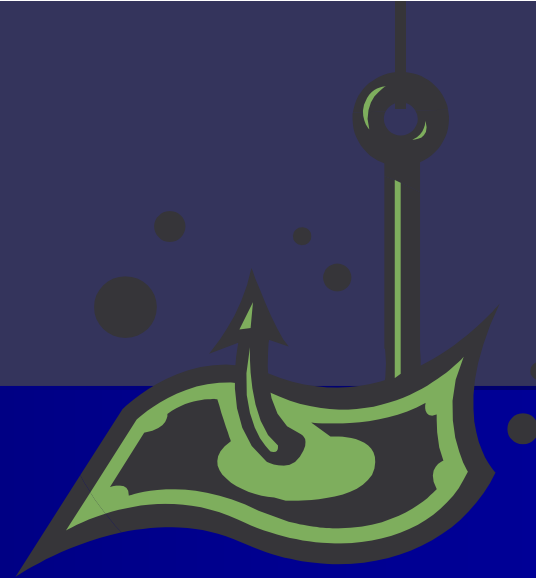
- Credit Card Costs
- Credit Card Behaviors



# CREDIT CARD COSTS



# COSTS:

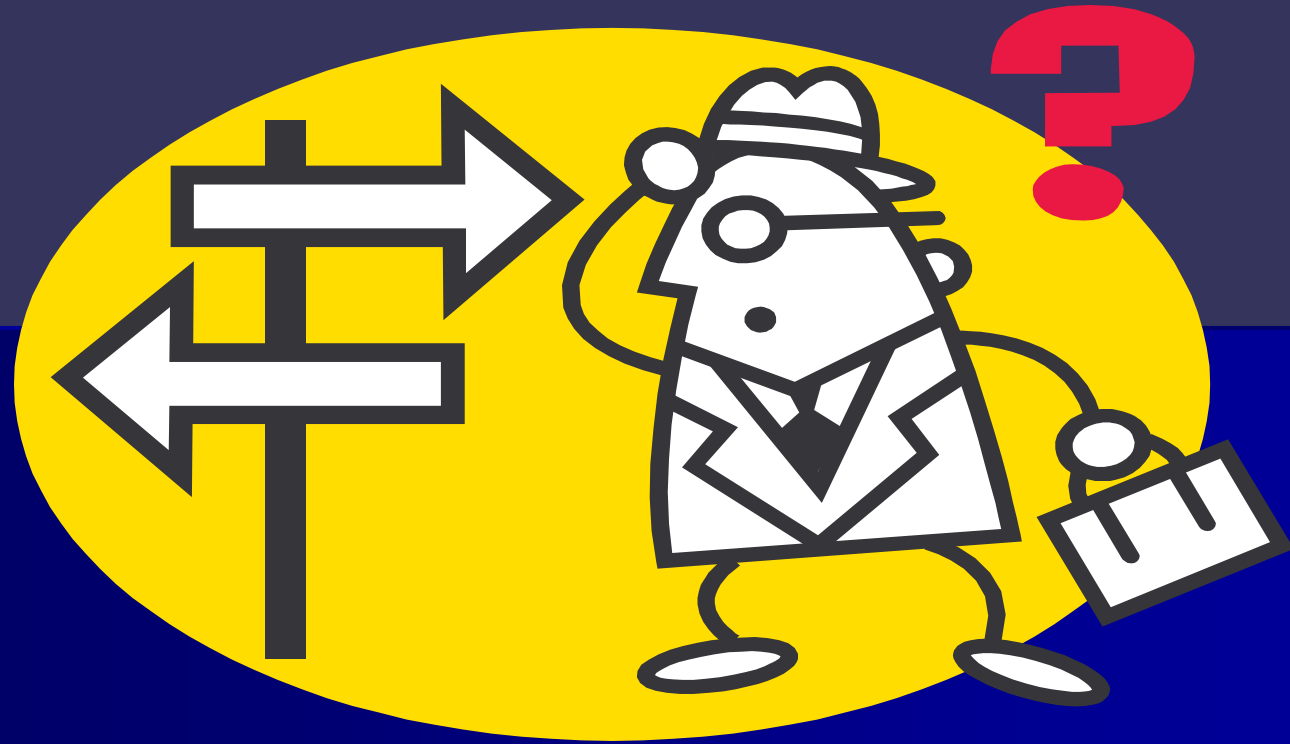


- Annual Fees
- Interest
  - Annual Percentage Rate (APR)
- Average Daily Balance Method
- Cash Advances
- Convenience Checks
- Penalty Rates

## ..more Costs



- Low Interest Teaser Rates
- Balance Transfer Fees
- Late Fees
- Over Credit Limit Fees
- Bounced Check Fees
- Currency Conversion Fees



# CHOOSING A CREDIT CARD

# LOOK FOR



- A Low Annual Percentage Rate (APR)
- No Annual Fee
- A Long Grace Period
- Average Daily Balance Method
- Low Penalty Rates

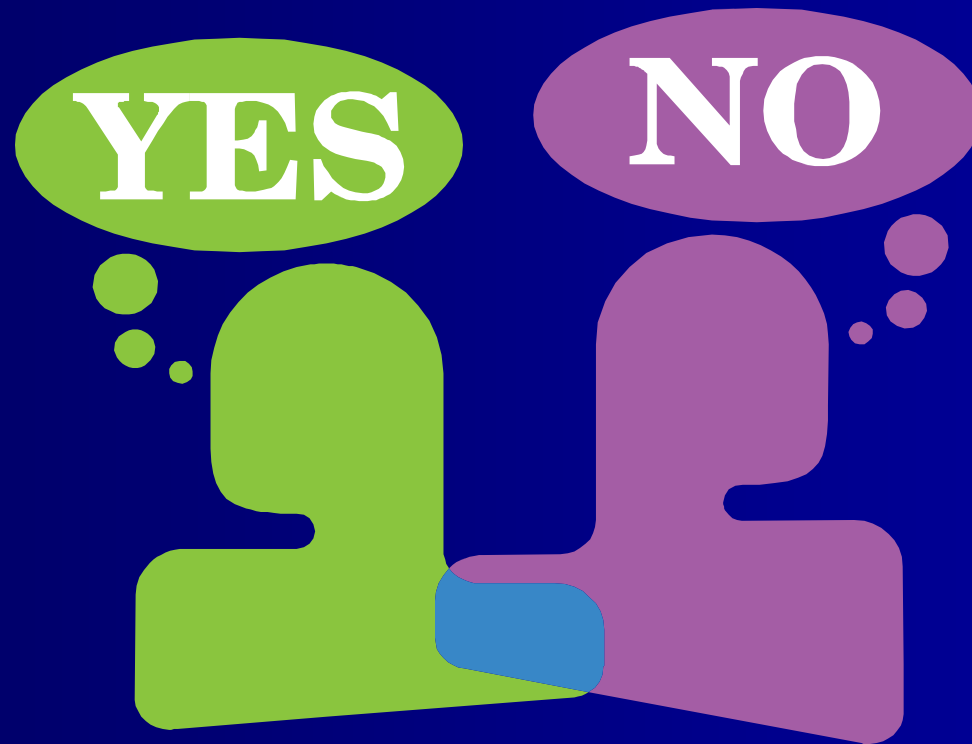


# TYPES OF CREDIT CARD USERS

- Convenience Users
- "Revolvers"



# DO'S AND DON'TS



# DON'T

- One Card
- Student Loans for Tuition
- Want vs Needs
- Convenience
- Pay More Than the MMP
- Be a Manager



## ...more DON'T



- Don't Skip Payments
- Pay on Time – Do Not Pay Late
- Don't Exceed Your Credit Limit
- Do Not Take Cash Advances
- Do not use the Convenience Checks
- Be Wary of Teaser Rates
- Don't do the Credit Card Shuffle

# DO

- Keep Low Credit Limit
- Quickly Mail Payments
- Save Receipts
- Notify of Change of Address
- Notify company of Lost and Stolen Cards





**THERE'S ALWAYS A  
SOLUTION**

# GETTING OUT OF DEBT

- Don't Deny the Problem
- Stop Using Your Card
- Contact Your Credit Card Issuer
- Get a Job
- Reduce Expenses
- Talk about Your Problems
- Debt Consolidation





# **CREDIT REPORTS & CREDIT SOURCES**



# CREDIT REPORT



- Collection of Information
- Financial Report Card
- Lenders Use this Information
- 3 Main Credit Reporting Agencies
- Regularly Review Your Credit Reports

# CREDIT SCORE



- Numeric Value Applied to a Credit Report
- Usually Called a FICO Score
- Higher is Better

# WHAT GOES INTO OUR CREDIT SCORES?

- Pay Bills on Time
- Unresolved Debt
- Number of Cards and Their Balances
- How Long
- Quest for New Credit



# **CONSEQUENCES OF IRRESPONSIBLE CREDIT CARD USE**



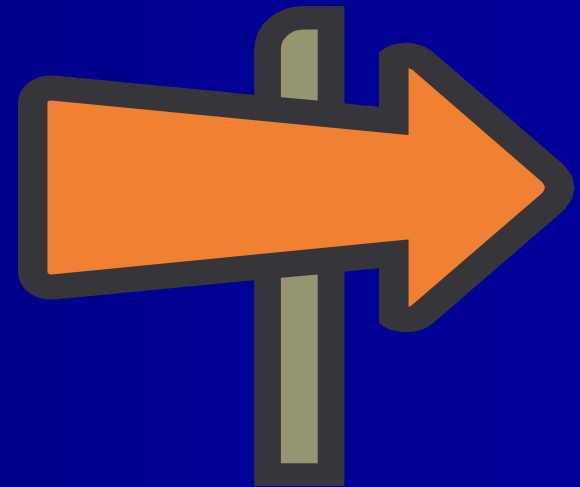
- Denial of Credit
- High Interest Rates
- The Universal Default Clause
- Difficulty Renting an Apartment
- Denied Employment
- Graduate School Rejection
- Higher Insurance Premiums
- Big Bucks for Cell Phones

# IDENTITY THEFT



# SIGNS OF IDENTITY THEFT

- Card/Statement Not Requested
- Statement Not Received
- Unauthorized Charges
- Denied Charges
- Debt Collectors



# MINIMIZE THE RISK...

- Keep Personal Information Personal
- Don't Use Social Security Number
- Leave Social Security Card Home
- Carry Only What's Needed
- Photo ID Credit Card
- Know Your Billing Cycles



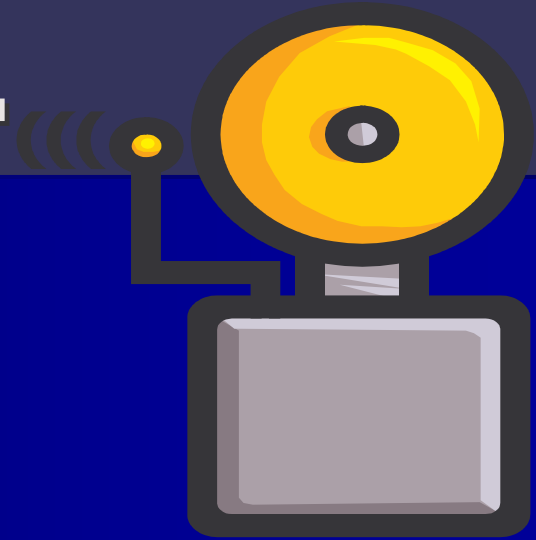


## ...more ways to minimize risk

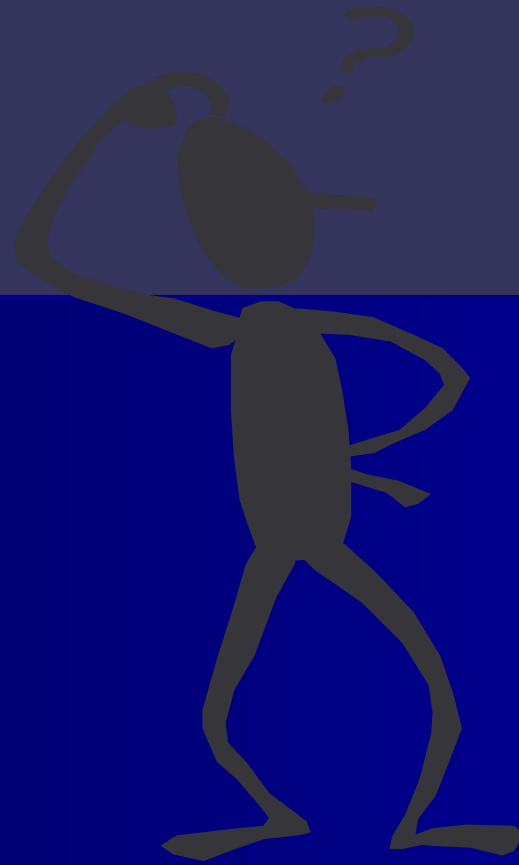
- Shred Receipts
- Use the Post Office
- Creative Passwords
- Purchase on Secure Websites
- Keep Personal Information Safe
- Review Credit Reports
- Computer Virus Protection



# VICTIMS OF IDENTITY THEFT SHOULD...



- Contact the Big Three
- Fraud Alert
- Order Free Credit Reports & Review
- Call Fraud Departments
- Close Fraudulent Accounts
- File a Police Report
- Contact the FTC



**QUESTIONS?**